

AN ACT

RELATING TO HEALTH COVERAGE; AMENDING A SECTION OF THE GROUP BENEFITS ACT TO PROVIDE FOR PARTICIPATION BY CERTAIN NONPROFIT ENTITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 10-7B-6 NMSA 1978 (being Laws 1989, Chapter 231, Section 6, as amended) is amended to read:

"10-7B-6. STATE EMPLOYEES GROUP BENEFITS SELF-INSURANCE PLAN--AUTHORIZATION--LOCAL PUBLIC BODY PARTICIPATION--ELIGIBLE NONPROFIT ENTITY PARTICIPATION.--

A. The risk management division of the general services department may, with the prior advice of the committee, establish and administer a group benefits self-insurance plan, providing life, vision, health, dental and disability coverages, or any combination of such coverages, for employees of the state, participating local public bodies and participating eligible nonprofit entities. Any such group benefits self-insurance plan shall afford coverage for employees' dependents at each employee's option. Any such group benefits self-insurance plan may consist of self-insurance or a combination of self-insurance and insurance; provided that particular coverages or risks may be fully insured, fully self-insured or partially insured and partially self-insured.

B. The director, with the advice of the committee, shall establish by regulation or letter of administration the types, extent, nature and description of coverages, the eligibility rules for participation, the deductibles, rates and all other matters reasonably necessary to carry on or administer a group benefits self-insurance plan established pursuant to Subsection A of this section.

C. The contribution of each participating state agency to the cost of any such group benefits self-insurance plan shall not exceed that percentage provided for state group benefits insurance plans as provided by law. The contribution of a participating local public body to the cost of any such group benefits self-insurance plan shall not exceed that percentage provided for local public body group benefits insurance plans as provided by law. The contribution of a participating eligible nonprofit entity to the cost of any such group benefits self-insurance plan shall not exceed that percentage provided for eligible nonprofit entity group benefits insurance plans as provided by law.

D. Except as provided in Subsection E of this section, public employees' contributions to the cost of any group benefits self-insurance plan may be deducted from their salaries and paid directly to the group self-insurance fund; provided that where risks are insured or reinsured, the director may authorize payment of the costs of such insurance

or reinsurance directly to the insurer or reinsurer.

E. A legislator and the legislator's covered dependents and a soil and water conservation district supervisor and the supervisor's covered dependents are eligible to participate in and receive benefits from the group benefits self-insurance plan if the legislator or supervisor pays monthly premiums in amounts that equal one hundred percent of the cost of the insurance. The premiums shall be paid directly to the group self-insurance fund; provided that where risks are insured or reinsured, the director may authorize payment of the premiums directly to the insurer or reinsurer.

F. Local public bodies, eligible nonprofit entities and state agencies that are not participating in the state group benefits insurance plan or self-insurance plan may elect to participate in any group benefits self-insurance plan established pursuant to Subsection A of this section by giving written notice to the director on a date set by the director, which date shall not be later than ninety days prior to the date participation is to begin. The director shall determine an initial rate for the electing entity in accordance with a letter of administration setting forth written guidelines established by the director with the committee's advice. The initial rate shall be based on the claims experience of the electing entity's group for the three immediately preceding

continuous years. If three years of continuous experience are not available, a rate fixed for the entity by the director with the committee's advice shall apply, and the electing entity's group shall be rered on the first premium anniversary following the date one full year of experience for the group becomes available. Any such election may be terminated effective not earlier than June 30 of the third calendar year succeeding the year in which the election became effective or on any June 30 thereafter. Notice of termination shall be made in writing to the director not later than April 1 immediately preceding the June 30 on which participation will terminate. A reelection to participate in the plan following a termination shall not be made effective for at least three full years following the effective date of termination.

G. As soon as practicable, the director with the committee's advice shall establish an experience rating plan for state agencies, local public bodies and eligible nonprofit entities participating in any group benefits self-insurance plan created pursuant to Subsection A of this section. Rates applicable to state agencies, participating local public bodies and participating eligible nonprofit entities shall be based on the experience rating plan. An experience rating plan may provide separate rates for individual state agencies, individual local public bodies and individual eligible

